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SUBJECT: Secretary Chao's August 25, 2008 Meeting with
Chinese Vice-Premier Zhang Dejiang

(U) This cable is Sensitive but Unclassified. Please
protect accordingly.

¶1. (SBU) SUMMARY: Secretary of Labor Elaine Chao met with Vice-Premier Zhang Dejiang on August 25, 2008. Secretary Chao noted how much President Bush enjoyed the Opening Ceremonies of the Olympics and expressed condolences from the American government and people regarding the Sichuan Earthquake and stressed the importance that the President places on the United States-China relationship. Vice-Premier Zhang stressed the importance of a cooperative relationship between the United States and China, explained that China was successful in fulfilling its commitments to the Olympics and also relayed gratitude to the United States public and private sectors in response to the natural disasters that befell China this year. Zhang listed smooth economic development followed by inflation prevention as China's main economic priorities, noting job creation is one of his responsibilities. He also described the difficulties that China continues to face, but expressed that the relationship between the two countries has been cooperative and constructive. Zhang looks forward to continued cooperation, which he said benefits not only both countries, but also the rest of the world. END SUMMARY.

¶2. (U) Secretary of Labor Elaine L. Chao met with Chinese Vice-Premier Zhang Dejiang and Minister of Human Resources and Social Security (MOHRSS) Yin Weimin on August 25, 2008. The following MOHRSS officials were also present: Vice Minister Wang Xiaochu, Director General (DG) Zhang Yali, and Deputy Director-General Hao Bin, Zhao Hui (interpreter). United States participants included Amb. Clark T. Randt, Department of Labor (DOL) Associate Deputy Secretary Anna Hui, DOL Deputy Assistant Secretary Jennifer Cox, Special Assistant to the Secretary Alden Sanborne, Embassy Labor Officer Bruce Levine, Embassy Interpreter James Brown and Econoff Jason Chan (notetaker).

¶3. (SBU) Secretary Chao said President Bush enjoyed attending the Olympic Opening Ceremonies and stressed the importance the President places on the United States-China bilateral relationship. She also expressed condolences on behalf of the United States government and people for May 12 Sichuan earthquake. The Secretary and Vice Premier both said they valued the cooperative bilateral relationship, including under the six active letters of understanding DOL has signed with its Chinese counterparts. Secretary Chao said that since 2001, her goal has been to improve relations with her Chinese counterparts.

14. (SBU) Vice-Premier Zhang said MOHRSS is satisfied with the relationship with DOL and looks forward to continued cooperation. This not only benefits the two agencies, he said, but also contributes to constructive bilateral relations. Zhang expressed that the United States and China have different experiences, but that they can share these experiences and improve. He said China has its own specific circumstances and complexities, and seeks to maintain a close and cooperative relationship with the United States. He noted that the United States-China relationship is beneficial not only bilaterally, but also to the rest of the world.

Successful Fulfillment of Olympic Commitment

15. (SBU) Vice Premier Zhang said there were 204 delegations in attendance at the Olympics, with newspapers reporting 87 medal-winning countries, 51 gold medals for China and 43 broken world records. He said it was a grand, unprecedented event, and congratulated the United States on winning 111 medals. Since winning the bid in 2001, he explained, the Chinese government has adopted the motto of a "green, technological, and people's Olympics" in the spirit of a swifter, higher, and stronger Olympics. He said that China has fully honored its commitments with a successful 29th Olympics, and that China will continue to work hard during the Paralympics.

16. (SBU) Secretary Chao said the eyes of the world were on the Chinese people for their preparation and staging of

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the Olympics. She noted that several prominent Americans stated that China had shown itself spectacularly under a new light. She said the closing ceremonies were spectacular, and that the United States Presidential delegations to both the opening and closing ceremonies equally enjoyed the Olympic ceremonies and events.

Social Security Reform Difficult in China's Complex Society

17. (SBU) Vice-Premier Zhang stated that China hopes to improve the social security situation for all people by 2020, especially with medical care, a pension system, and other social insurance programs that cover urban and rural areas. He explained that foreigners have a difficult time understanding China because of its long history, large geographical area, 56 nationalities and regional differences, which are further complicated by the urban-rural, intra-provincial and even intra-county differences. He said it is very important to consider the reality of China and that a one-size-fits-all approach cannot be expected. Therefore, Zhang stated that the employment, labor and social security system must fit Chinese reality.

18. (SBU) Zhang mused that during the first half of 2008, the world economy was extremely complex with the depreciation of the United States dollar, appreciation of the Chinese yuan (RMB) and the inflation of oil and natural resource prices. However, he said the Chinese economy was able to remain healthy and stable with gross domestic product (GDP) growth of 10.4%. He listed China's economic priorities as smooth economic development followed by inflation prevention, noting that one of his tasks is job creation. He explained that China has a huge population and is still a developing country. The need to create 10 million new jobs each year is a big challenge. Active employment policies combined with new laws and regulations such as the Labor Law, Employment Promotion Law, and Labor Arbitration Law help to both promote employment while also keeping workers' interests in mind, he said.

¶9. (SB) Zhang noted Secretary Chao's visits to China and her familiarity with labor and social security issues, and said she can appreciate the problems created by a population of 1.3 billion people. He explained that 760 million rural residents and more than 600 million urban residents create a rural-urban divide. The most pressing task is the social security system and extending it to all citizens. As a former Provincial Party Secretary in Jilin and Guangdong provinces, Zhang stated that he understands these disparities first hand. He explained that Jilin is an old industrial base with a large agricultural sector, while Guangdong is close to Hong Kong and at the forefront of China's reform and opening up. He stated that the United States is the world's most developed country that has rich experience in the relationship between employment, labor, and social security. He noted that China can learn from the United States to improve and enhance China's own system.

¶10. (SBU) Secretary Chao thanked Zhang for expounding on these important topics. She noted the good relationship with the previous Ministry of Labor and Social Security (MOLSS) and the present MOHRSS. Since 2001, she explained, her goal has been to establish better relations between her Department and its Chinese counterpart. She referred to the six letters of understanding already signed with MOHRSS and the State Administration for Work Safety (SAWS) and another agreement with former MOLSS Minister Tian, which underpin continued dialogue and mutual understanding. The agreements are beneficial because, through their different experiences, the agencies can share their experiences and lessons. She noted that she was pleased to be able to meet Minister Yin on this visit and discuss issues of mutual concern.

DOL-MOHRSS's Cooperative Relationship

¶11. (SBU) Vice-Premier Zhang noted that Minister Yin had spoken of the cooperative relation between DOL and MOHRSS,

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and hoped that the relationship improves and deepens further. He commented that as a veteran Secretary, Secretary Chao has had rich experience with China and labor. He said he hopes the two ministries will continue to deepen their cooperation. Zhang noted that the United States-China relationship is beneficial not only to the two countries, but also to the world. He remarked that the agreement between President Bush and President Hu to build a constructive and cooperative relationship was a strategic decision, and Zhang said he hopes the relationship will continue to develop along these lines.

¶12. (SBU) Secretary Chao noted that there would be many opportunities for discussion and cooperation in the future, including the Joint Commission on Commerce and Trade (JCCT) in September, 2008 followed by the Strategic Economic Dialogue (SED) in December. She said President Bush refers to the United States-China relationship as one of the most important relations in the world. She noted that MOHRSS and DOL cooperate candidly to ensure that the relationship continues thus.

Condolences for the Sichuan Earthquake

¶13. (SBU) Secretary Chao conveyed the condolences of the government and people of the United States for the May 12, 2008 Sichuan earthquake. Vice-Premier Zhang noted that in the spring, China's electricity and transportation network was greatly impacted by a major snowstorm. In May, China was hit by a devastating earthquake. The government of China follows a 'people first' policy (yi ren wei ben), he said, so a great effort was put forth in both relief periods. He expressed sincere gratitude for the assistance

and support from the United States? public and private sectors.

14. (U) Secretary Chao cleared this message.

RANDT